Canadian Grain Commission / Commission canadienne des grains

Canadian Grain Commission

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Departmental Performance Report

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food
and Minister for the Canadian Wheat Board

Canada

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SECTION I – OVERVIEW

Minister's Message

I am pleased to submit to Parliament and Canadians the Canadian Grain Commission's (CGC) *Departmental Performance Report* (DPR) for the fiscal year 2007-2008.

As Minister of Agriculture and Agri-Food, I consider it a privilege to work to address the current issues facing the sector, while striving to create opportunities for the long run. Thanks to my farming roots and experience in public life, I know personally what our sector means to the Canadian economy and the quality of life of our citizens. I am proud that the partner organizations in the Agriculture and Agri-Food (AAF) Portfolio - Agriculture and Agri-Food Canada, the Canadian Food Inspection Agency, Farm Credit Canada, the Canadian Grain Commission, the Canadian Dairy Commission and the National Farm Products Council – all share my appreciation for the place of our farmers in the fabric of this nation.

Since coming to office, this government has got things done for Canadian farmers. Our achievements on *Growing Forward* are proof of our commitment to realizing a more profitable, innovative and market-driven industry, one that contributes to the health and well-being of Canadians. I am looking to the AAF Portfolio partners to continue to build on this solid foundation for action and work together in the best interests of our farmers and indeed all Canadians.

On December 13, 2007, I introduced to parliament Bill C-39, An Act to amend the *Canada Grain Act*. The proposed amendments will help to modernize the *Canada Grain Act* and the CGC to address evolving needs of the grain sector. They include clarifying the CGC's mandate, focusing the CGC on value-added activities for the grain industry and strengthening enforcement measures. The proposed reforms are consistent with the goals expressed in the *Growing Forward* framework for agriculture and will contribute to building a competitive and innovative grain sector by reducing costs, modernizing regulation, and providing choice.

On February 11, 2008, I announced the removal of kernel visual distinguishability as a registration criterion for all eight western Canadian wheat classes. This will provide incentives to plant breeders and crop developers to put additional resources into research on new wheat varieties. Canada's variety registration process will continue to include the stringent quality, agronomic, and disease requirements – a key component in upholding Canada's quality brand.

This report details how the CGC used its resources from April 1, 2007 to March 31, 2008 to regulate grain handling and establish and maintain grain standards, while protecting the interests of producers and ensuring a dependable commodity for domestic and export markets.

The Honourable Gerry Ritz
Minister of Agriculture and Agri-Food and
Minister for the Canadian Wheat Board

Chief Commissioner's Message

Welcome to the Canadian Grain Commission's (CGC) 2007-2008 *Departmental Performance Report* (DPR). The CGC is the federal agency responsible for setting standards of quality and regulating Canada's grain handling system. Our vision is to be a leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection.

Canada has an excellent record for supplying domestic and world markets with safe, high quality grain. The CGC continues to perform its crucial role to maintain Canada's outstanding reputation in providing grain quality, quantity and safety assurance. As a result, the CGC plays a key role in achieving a "Canada Brand" for grains. The CGC is continually working alongside the Minister of Agriculture and Agri-Food's (AAF) portfolio partners and the grain industry to maintain market competitiveness and add value to Canadian producers and Canada's grain quality assurance system.

The 2007-2008 fiscal year has presented the CGC with several challenges including: adapting to changes to Canada's visual grading system, increased consumer concerns about grain quality and grain safety assurances, and significant funding pressures. The CGC continued to deliver its mandate while facing these challenges. Some of the CGC highlights during the past fiscal year include:

- Bill C-39, An Act to Amend the *Canada Grain Act*, which was introduced in Parliament on December 13, 2007. The Bill proposes significant changes to the *Canada Grain Act* and CGC operations. Bill C-39 is subject to a legislative process that includes numerous steps, as well as opportunity for stakeholder feedback and amendments to the Bill. While the Bill is being considered by Parliament, the CGC continued to operate under the provisions of the current *Canada Grain Act*.
- The Government of Canada announced that the kernel visual distinguishability (KVD) criterion will be removed for all western Canadian wheat classes effective August 1, 2008. The CGC is committed to working with industry stakeholders to maintain the integrity of the grain quality assurance system in a post-KVD environment and to support Canada's brand reputation and competitiveness in international grain markets.

Once again, I am pleased to report that the CGC received a positive audit of its annual financial position. A copy of the audited financial statements is available on the CGC's website at: http://grainscanada.gc.ca/cgc-ccg/cr-rm/finance/financgc08-eng.pdf.

I invite you to read this report to learn more about the CGC's accomplishments and how the organization carried out its mandate during the 2007-2008 reporting period.

Elwin Hermanson
Chief Commissioner
Canadian Grain Commission

Management Representation Statement

I submit for tabling in Parliament, the 2007-2008 *Departmental Performance Report* (DPR) for the Canadian Grain Commission.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007-2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the department's approved Strategic Outcomes and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the *Estimates and the Public Accounts of Canada*.

Gordon Miles
Chief Operating Officer

Summary Information

Reason for existence:

Mandate

The CGC administers the provisions of the *Canada Grain Act*. The CGC's mandate as set out in this Act is to, "in the interests of the grain producers, establish and maintain standards of quality for Canadian grain and regulate grain handling in Canada, to ensure a dependable commodity for domestic and export markets."

Vision

The CGC vision is to be "A leader in delivering excellence and innovation in grain quality and quantity assurance, research, and producer protection."

Department Description and Accountability

The Honourable Gerry Ritz, Minister of Agriculture and Agri-Food is the Minister responsible for the CGC. The CGC is headed by a Chief Commissioner, an Assistant Chief Commissioner, and a Commissioner who are all appointed by the Governor in Council. The Chief Commissioner reports to the Minister. The Chief Operating Officer reports to the Chief Commissioner and co-ordinates the activities of the CGC's operating divisions.

The CGC is organized into the Executive, Corporate Services, Grain Research Laboratory (GRL), Industry Services, and Finance divisions. Its head office is located in Winnipeg, Manitoba. Industry Services is currently transitioning from five regions to three (Western, Central and Eastern). This is due to internal restructuring and is expected to be completed by December, 2008. As of March 31, 2008, the CGC employed 648 full-time equivalents and operated 16 offices across Canada.

The CGC may have up to six Governor in Council appointed Assistant Commissioners for the main grain producing areas of Canada. As of March 31, 2008, the CGC had one Assistant Commissioner. The Assistant Commissioners deal with producer and grain industry complaints and inquiries, and publicize the activities of the CGC at the farm level.

The CGC enhances grain[1] marketing through inspection, weighing, research, and producer support programs and services as identified in the strategic outcomes in Section II. The provision of these CGC programs and activities results in equitable grain transactions and consistent and reliable grain shipments.

Funding for CGC programs and activities is through a combination of revolving fund and appropriation sources.

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[1] Grain refers to any seed designated by regulation as a grain for the purposes of the *Canada Grain Act*. This includes barley, beans, buckwheat, canola, chick peas, corn, fababeans, flaxseed, lentils, mixed grain, mustard seed, oats, peas, rapeseed, rye, safflower seed, solin, soybeans, sunflower seed, triticale and wheat.

Financial Resources ($ thousands)

2007-2008		
Planned Spending*	**Total Authorities***	**Actual Spending**
$75 997	$84 236	$74 538

Human Resources (FTEs)

2007-2008		
Planned	**Actual**	**Difference**
664	648	**16***

* The difference of $8 239 K between planned spending and total authorities is $7 300 K approved in the 2007 Budget, $154 K supported for Internal Audit, $60 K 2006-07 Operational Budget Carry Forward, $485 K from Treasury Board for severance pay, and $240 K for collective agreements.

Program Activity Architecture

The following table illustrates the CGC's 2007-08 Program Activity Architecture (PAA). The PAA is the basic structure for the management and allocation of resources to various programs and activities to achieve intended results. The CGC's 2007-08 PAA has four strategic outcomes. Each strategic outcome is directly aligned with a single program activity. The four program activities have corresponding program sub-activities.

Strategic Outcome	Program Activity	Program Sub-Activities[1]
1. A grain quality assurance system that addresses the changing requirements of domestic and international grain markets	1. Deliver inspection and testing services	1.1 Deliver inspection and testing services for the quality assurance system
		1.2 Provide scientific and technical support
		1.3 Modify the system to meet changing requirements
2. A grain quantity assurance system that addresses the changing needs of the grain industry	2. Deliver weighing services	2.1 Deliver weighing services for the quantity assurance system
		2.2 Provide technical support of the quantity assurance system
3. Research and development on grain quality that enhances the marketability of Canadian grain	3. Conduct research to understand and measure grain quality	3.1 Research methods to measure grain quality
		3.2 Research new quality factors
		3.3 Research new grain standards
4. Producers' rights are supported to ensure fair treatment within the grain handling system	4. Protect producer's rights	4.1 Administer the licensing and financial security system
		4.2 Manage the allocation of rail cars for individual producer requests
		4.3 Fair treatment of producers by grain companies and dealers
		4.4 Provision of grain quality information to producers

[1] The CGC's 2007-08 Report on Plans and Priorities (RPP) identifies plans for "key programs or services" associated with each program activity. The "key programs or services" coincide with the program sub-activities in the 2007-08 PAA. In accordance with Treasury Board Secretariat guidelines, the CGC's 2007-08 Departmental Performance Report does not include information at the program sub-activity level of the PAA. Reporting is focused at the program activity level.

Departmental Priorities

The CGC identified five priorities in its 2007-08 RPP. The table below identifies the priorities, priority type and the performance status of each priority.

Priority Name	Type[1]	Performance Status
1. Ongoing delivery of the CGC mandate under the *Canada Grain Act* in a climate of constantly changing international and domestic markets, technological advancements, and evolving end-user needs and preferences.	Ongoing	Successfully met
2. Positioning the Canadian Grain Quality Assurance System (GQAS) to remain relevant and to support the continued competitiveness of Canadian grains in both domestic and international markets.	Ongoing	Successfully met
3. Regulatory compliance.	Ongoing	Successfully met
4. Sustainable CGC funding mechanism.	Previous	Partially met[2]
5. Certification to meet International Organization for Standardization (ISO) standards.	New	Partially met[2]

[1] Type of priority is "new", "ongoing" or "previous". New means the priority was introduced during the 2007-08 reporting period. Ongoing means the priority has no end date. Previous means the priority was reported in a prior RPP and has an end date.

[2] The CGC made progress towards meeting the goals of priority #4 and #5 and therefore the performance status rating is "partially met".

Program Activity by Strategic Outcome

Program Activity	Expected Results[1]	Performance Status[2]	2007-2008 ($ thousands)		Contributes to the Following Priorities
			Planned Spending	Actual Spending	
Strategic Outcome 1: A grain quality assurance system that addresses the changing requirements of domestic and international grain markets					
Deliver inspection and testing services	Consistent and reliable grain quality and grain safety assurance to meet the needs of domestic and international markets	Successfully met	$50 279	$46 257	Priority #1, #2, #4, #5
Strategic Outcome 2: A grain quantity assurance system that addresses the changing needs of the grain industry					
Deliver weighing services	Consistent and reliable quantity assurance of Canadian grain shipments	Successfully met	$14 969	$13 830	Priority #1, #2, #4, #5
Strategic Outcome 3: Research and development on grain quality that enhances the marketability of Canadian grain					
Conduct research to understand and measure grain quality	Research and development on grain quality and grain safety to support and improve Canada's GQAS	Successfully met	$7 663	$10 511	Priority #1, #2, #4, #5
Strategic Outcome 4: Producers' rights are supported to ensure fair treatment within the grain handling industry					
Protect producers' rights	Producers' rights are supported to facilitate fair treatment within the licensed grain handling system	Successfully met	$3 086	$3 940	Priority #1, #3, #4

[1] The CGC has improved its performance measurement framework in accordance with the Management Resources and Results Structure Policy. Consequently, the expected results have been revised. The expected results presented and reported upon in the CGC's 2007-08 DPR differ from those identified in the 2007-08 RPP. The revised expected results more accurately reflect the outcomes that the program activities are designed to achieve.

[2] The performance status of each program activity is discussed in detail in Section II.

Summary of Departmental Performance

The CGC is continually adapting the grain quality assurance system (GQAS) to maintain market competitiveness and Canada's reputation as a consistent supplier of quality grain. The CGC's four strategic outcomes and related program activities are directly focused on and committed to ensuring safe, reliable and marketable Canadian grain as well as providing producer protection services.

The CGC's corporate infrastructure allows the organization to deliver the programs necessary to achieve its strategic outcomes and program activities and results in improved performance, increased employee productivity and effective communication with industry and producers. Although the CGC is a small statutory agency, the organization is committed to fulfilling its responsibility for government wide initiatives such as the Management Accountability Framework, providing services in both official languages, the Government On Line (GOL) initiative, and effective partnering with other government organizations to provide service to Canadians in the most efficient and effective manner possible. The costs of implementing government wide initiatives and CGC corporate infrastructure are accounted for in the overall costs of delivering the CGC strategic outcomes and program activities.

Historically, the CGC has been largely funded through cost recovery fees for mandatory services. At one time, these fees recovered approximately 90 per cent of CGC costs. CGC fees have not been adjusted since 1991. This has negatively impacted the CGC's ability to recover costs and has contributed to recurring annual deficits. Rising costs and changes in the grain sector have further exacerbated funding and service-provision challenges.

The Canadian grain industry operates in a climate of constant change marked by shifting international and domestic markets, technological advancements, and evolving end-user needs and preferences. In recent years, buyers of Canadian grain have demanded increased scientific sophistication and diversity in quality specifications. This has resulted in an increased focus on specifications instead of, or in addition to, traditional grades and classes and has amplified demands for objective grading methods, flexible certification, and rapid instrumental methods for assessing grain quality. In addition, there has been an increased market demand for grain safety assurance on a number of factors. The CGC and Canada's GQAS must continually adapt to keep pace with the evolution of the global grain industry.

The following section describes the progress made towards the CGC's 2007-08 priorities as well as the challenges associated with the priorities. Section II provides information on the progress and challenges associated with the CGC's strategic outcomes and program activities.

Priority #1: **Ongoing delivery of the CGC mandate under the *Canada Grain Act* in a climate of constantly changing international and domestic markets, technological advancements, and evolving end-user needs and preferences.**

The CGC continued to fulfil its mandate through the operation of a national GQAS. This entailed effective inspection, weighing, monitoring, and grain sanitation programs to ensure grain exports were uniform and consistent with regard to intrinsic quality and grain safety assurance, while at the same time ensuring fair grain transactions. In addition, the CGC's research and development on grain quality and safety continued in support of Canada's GQAS. The CGC was successful in delivering upon this ongoing priority and provided consistent daily delivery of programs and services within each of its organizational divisions in support of the mandate under the *Canada Grain Act*. This success contributed directly to the achievement of all of the CGC's strategic outcomes and program activities.

The introduction of Bill C-39, An Act to Amend the *Canada Grain Act*, on December 13, 2007 proposes significant changes to the *Canada Grain Act* and CGC operations. Key components of the Bill include clarifying the CGC's mandate, eliminating inward inspection and inward weighing, and eliminating security as a requirement for licensing. Bill C-39 is subject to a legislative process that includes numerous steps, as well as opportunity for stakeholder feedback and amendments to the Bill. During the 2007-08 reporting period, the CGC continued to operate under the provisions of the existing *Canada Grain Act*.

Further information on CGC programs and services that contribute to this ongoing priority is available on the CGC's website: http://grainscanada.gc.ca/.

Priority #2: **Positioning the Canadian GQAS to remain relevant and to support the continued competitiveness of Canadian grains in both domestic and international markets.**

The CGC has recognized the importance of continuing to evolve and refine the Canadian GQAS to remain relevant and competitive in both the domestic and international marketplaces. This ongoing priority continued to be a major focus of CGC efforts and resources during the reporting period. The CGC continued to work with stakeholders to ensure that Canada's reputation for consistent grain quality is maintained.

Enhancing Canada's grading system directly supports the CGC's strategic outcome #1, a grain quality assurance system that addresses the changing requirements of domestic and international grain markets and strategic outcome #2, a grain quantity assurance system that addresses the changing needs of the grain industry. In addition, this priority is a main focus of the CGC's research and development activities that are sponsored and promoted under strategic outcome #3. During the reporting period, the CGC was successful in continuing efforts to develop and implement programs, initiatives, new objective testing methods, and new research methods and processes aimed at strengthening the Canadian GQAS. The following describes some of the successes and challenges associated with this priority.

Elimination of Kernel Visual Distinguishability (KVD)

On February 11, 2008, an announcement was made by the Honourable Gerry Ritz, Minister of Agriculture and Agri-Food, that kernel visual distinguishability (KVD) would be removed as a registration criterion for all eight western Canadian wheat classes effective August 1, 2008. Historically, Canada's KVD requirement for wheat has allowed quick and cost effective segregation of wheat into quality classes based on visual distinguishability. The elimination of KVD removes visual restrictions on plant breeders and crop developers when bringing forward new varieties for registration.

The CGC is a member of the "Industry Committee on the Removal of KVD". The Committee includes producer representatives, the Western Grain Elevator Association, the Inland Terminal Association of Canada, the Canadian Wheat Board, and AAF. The Committee determined that a combination of an industry system of declarations, grain company quality management systems and protocols, and monitoring and sampling protocols will be relied upon to ensure the quality of Canadian wheat. As part of an agreed upon handling and liability protocol, and the overall wheat quality management system, a declaration system was finalized for the 2008-09 crop year. During the reporting period, the CGC began the process of re-allocating resources to cover the necessary increase in monitoring and testing activities in a post KVD environment to uphold the quality of Canadian grain shipments. Canadian Food Inspection Agency (CFIA) policies, procedures and regulations are being aligned to facilitate KVD removal.

Rapid Affordable Variety Identification (VID) Technology

Rapid affordable varietal identification (VID) technology is part of the replacement strategy for KVD and its development remains a priority. Testing and monitoring for the presence of ineligible wheat varieties is currently conducted using protein electrophoresis of individual kernels. Additional characterization for adequate resolution of varieties is through DNA profiling. Current costs and levels of throughput of DNA profiling are not in line with industry demands. Research at the CGC is directed at increasing throughput and lowering costs.

The CGC recently began investigating a relatively new technology for genotyping single-nucleotide polymorphisms (SNPs) that may be technically suitable for wheat variety ID. SNPs are single positions in the DNA that differ among varieties. Throughput with this new technology is anticipated to be about six-fold higher than with current microsatellite-based methods and at lower cost.

An alternative approach to increased throughput is the development of systems that operate on bulk ground samples rather than multiple individual kernels. The CGC has developed a system for barley which enables the determination of variety composition of a bulk ground sample. Development of similar systems for wheat is in progress but there are challenges due to wheat complexities. Therefore, single-kernel analysis is likely to play an important role in wheat variety composition analysis for the foreseeable future.

Process Verification

The CGC continued to develop and implement process verification programs with the goal of enhancing global acceptance of Canadian grain by delivering specific quality attributes, unique product specifications, and traceability. The Canadian Identity Preserved Recognition System (CIPRS) is a voluntary tool that the industry can use to provide third party assurance of the processes used throughout the supply chain to deliver the specific quality attributes and traceability that some domestic and international buyers require. The CGC continued development of its CIPRS+ program, which adds a food safety and quality aspect to the program. The infrastructure supporting CIPRS is being adapted to provide verification of HACCP-based (Hazard Analysis Critical Control Points) processes in order to provide safety assurances for grain.

The CGC is exploring the feasibility and potential demand for two new voluntary programs that may provide marketing flexibility and advantages for companies using containers to ship grain. The first is an accreditation program whereby private sector third party companies would be accredited to take an official CGC sample, permitting the assignment of an official CGC grade. The second is a certified container sampling program in which the CGC would certify a company's own grain sampling program. While not yielding an official CGC sample or grade, this would allow for a more consistently representative sample to be submitted to the CGC for grading and certification.

Pre-Export Certification

The CGC and the Canadian Wheat Board (CWB) cooperated regarding the control of mycotoxins in wheat for export to the European Union (EU). Ochratoxin-A (OTA) is a mycotoxin that can naturally occur in stored grain. The EU has stringent standards and testing protocols for OTA levels in wheat. Canada has implemented extensive procedures to manage OTA levels in wheat shipments to EU member countries. Given its mandate, the CGC initiated the process to obtain recognition of Canada's pre-export checks for OTA in wheat destined for the EU through its Article 23 Application. This application outlines pre-export checks for OTA that are feasible within the Canadian grain handling system. At the end of the reporting period, the CGC had not been advised of the status of the Article 23 Application.

Falling Number (FN) and Rapid Viscosity Analysis (RVA)

The CGC continued to study the feasibility of using RVA (RVA™) technology to determine the levels of sprout damage in Canadian grain. The CGC distributed 15 suites of equipment across the country to test the method under real working conditions. Delays were encountered as additional ancillary support equipment required contract tendering before being allocated to some of the sites. Currently 11 sites in western Canada are fully operational and testing grain under the research protocol. Sites in eastern Canada have received all necessary equipment and training is proceeding. Preliminary testing shows that the new procedure has merit and results in an improvement in the estimation of sprout damage as compared to the current visual system. Other techniques for FN determination are also being assessed.

The CGC continues to chair and work with a variety of industry partners as part of the FN Working Group. A number of meetings were held throughout the year to discuss the project, implementation concerns and costs as well as the logistics of testing. Ultimately, the grain industry will determine the acceptability of this technology.

Genetically Modified (GM) Grains

The CGC continued efforts to establish methods for the detection and quantification of GM canola events. A preliminary study showed that variability associated with sampling did not impact on identification of GM events but did influence accurate assessment of their amount. This indicates that sampling variability could lead to potential trade issues when determining the low level presence of specific GM events in grain shipments. Access to detection technologies and reference materials from developers continues to pose a challenge.

Priority #3 : Regulatory Compliance.

The CGC remains committed to a sound regulatory framework that is effective, responsive, cost-efficient and accountable. During the reporting period, the CGC was successful in meeting the goals of this priority and promoted, maintained, and enforced compliance with the *Canada Grain Act* through compliance promotion programs, inspection and weighing activities, monitoring, and investigations. Enforcing compliance with the *Canada Grain Act* directly aligns the CGC with its legislative obligations and supports strategic outcomes #1, #2, and #4. Enhanced regulatory authority associated with declarations is being considered to facilitate enforcement and compliance in a post KVD environment and to assist the grain sector in the absence of KVD.

On December 13, 2007, Bill C-39, An Act to Amend the *Canada Grain Act*, was introduced in Parliament. Bill C-39 affirms the CGC's overriding mandate to ensure a dependable commodity for domestic and export markets. It does not propose any changes to programs related to establishing and maintaining standards of quality for Canadian grains; the inspection and weighing of export shipments; and the allocation of producer cars. During the reporting period, the CGC met extensively with industry and producer stakeholders to discuss the proposed changes. In addition, the CGC has initiated numerous projects related to Bill C-39 to ensure preparedness. While the Bill is being considered by Parliament, the CGC continues to operate under the existing provisions of the current *Canada Grain Act* and *Regulations*.

Priority #4: Sustainable CGC Funding Mechanism.

The CGC is mandated to perform services as legislated by the *Canada Grain Act*. Due to changes in the grain sector, low user fee levels, and increased costs of providing service, the CGC has been chronically under-funded for many years. During the reporting period, the CGC continued efforts to seek a sustainable funding mechanism and continued to engage in an ongoing process of cost containment and internal re-allocation of resources to new and emerging priorities. The CGC reviewed its costs to determine which ones should be publicly funded and which ones should be recovered by fees as CGC activities serve both the public interest and the interests of particular grain sector stakeholders. In addition, a review of alternative funding mechanisms was initiated and is underway to determine an optimal funding arrangement.

Sustainable funding is imperative for the CGC to carry out its legislated responsibilities and maintain its capacity to create value for producers, the grain industry, and the Canadian public as an integral part of a successful Canadian GQAS. This priority will affect the organization's ability to meet the expected results of all its program activities. The performance status for this priority during the 2007-08 reporting period is "partially met". Although a sustainable funding mechanism has not been determined, the CGC continues to work in consultation with AAF and Government of Canada central agencies.

Priority #5 : Certification to Meet International Organization for Standardization (ISO) Standards.

The CGC was successful in maintaining ISO 9001:2000 certification in Industry Services, the CGC's main operating division. All services involving grain inspection, weighing and registration comply and are documented in 30 procedures. Maintaining ISO certification in Industry Services directly supports CGC strategic outcomes #1 and #2. Internal audits are conducted regularly by Industry Services staff as part of the ISO certified quality management system. During 2007-08, 22 non-conformances were identified during internal audits. External audits are also conducted annually and every three years a more extensive audit is undertaken in order to renew ISO certification (renewed in September, 2006). There were four non-conformances identified in two external audits conducted during 2007-08. In all cases, when a non-conformance is identified, a process is followed to determine if the non-conformance is a result of a training need or if the procedure itself needs to be modified.

While Industry Services is ISO 9001:2000 certified, the CGC's GRL is in the early stages of assessing the applicability of ISO/IEC 17025 certification to certain methods in its laboratory testing environment. As such, the performance status for ISO/IEC 17025 certification in the GRL is partially met. During the reporting period, GRL staff attended seminars on ISO requirements and the CGC initiated the process of hiring an ISO coordinor for the GRL. It is anticipated this position will be filled within the 2008-09 fiscal year. ISO/IEC certification in the GRL directly supports CGC stragegic outcome #3. ISO certification throughout the CGC will improve efficiencies and give clients increased confidences in the processes and testing methods that support Canada's GQAS.

SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Analysis by Program Activity

During 2007-08, the CGC was organized around four strategic outcomes to reflect the planned direction of the CGC as well as the daily delivery of the CGC's program activities. The four strategic outcomes are:

1. **A grain quality assurance system that addresses the changing requirements of domestic and international grain markets**
2. **A grain quantity assurance system that addresses the changing needs of the grain industry**
3. **Research and development on grain quality that enhances the marketability of Canadian grain**
4. **Producers' rights are supported to ensure fair treatment within the grain handling system**

Each strategic outcome has one corresponding program activity. As a consequence, the results achieved under each of the following program activities are reflective of the CGC's performance at the strategic outcome level. This section provides detailed information on the CGC's achievements and challenges for each strategic outcome/program activity during the 2007-2008 reporting period. During the 2007-08 reporting period, the CGC delivered upon all of its strategic outcomes and met emerging priorities by reallocating resources where needed.

Strategic Outcome 1: A grain quality assurance system that addresses the changing requirements of domestic and international grain markets

Program Activity: ***Deliver inspection and testing services***

Financial Resources ($ thousands):

Planned Spending	Authorities	Actual Spending
$50 279	$55 729	$46 257

Human Resources:

Planned	Authorities	Actual
445	445	408

Performance Summary:

Expected Result: Consistent and reliable grain quality and grain safety assurance to meet the needs of domestic and international markets[1]		
Indicator[1]	Target[1]	Results[2]
Number of justified cargo complaints due to a breakdown in CGC quality and/or safety assurance	Zero	There were zero justified cargo complaints due to a breakdown in CGC quality and safety assurance during 2007-08.

[1] As per the CGC's revised Performance Measurement Framework.
[2] Results are based on the Cargo Quality Monitoring program and an established CGC complaint resolution process.

During the reporting period, the CGC continued to successfully deliver an effective Quality Management System as per ISO 9001:2000 standards. An effective grain quality assurance system supports the enhanced marketability of Canadian grain which benefits producers and the grain industry. Daily provision of grain inspection and grading services form a major part of the quality assurance system. Grades allow buyers to identify end-use value without the need for end-use tests or direct examination of individual lots of grain. This improves the efficiency of grain handling and helps to ensure that sellers receive payment that reflects the value of their grain.

Canada's GQAS is supported by a strong scientific and technical base. This includes testing of grains, processing into various end-use products, and assessing cooking quality. The CGC is the only government agency that provides grain safety assurances on pesticides, trace elements, mycotoxins, and fungi. Buyers of Canadian grain increasingly demand more rigorous, timely testing for chemical residues and trace elements on cargoes. These demands have increased the importance of research aimed at developing new or adapting existing analytical methods (see Strategic Outcome 3).

During 2007-2008, the CGC continued to deliver consistent and reliable grain quality and grain safety assurance to meet the needs of domestic and international grain markets. Inspection services were delivered in accordance with the legislative mandate of the *Canada Grain Act*. For example, the CGC:

- Inspected 265,056 railcars upon receipt at licensed terminal and transfer elevators,
- Inspected 20,066 railcars loaded from primary elevators prior to receipt at licensed terminal and transfer elevators,
- Inspected 26,712,829 tonnes of grain for export from terminal and transfer elevators,
- Provided 5,267 Certificate Finals, 2521 Letters of Assurance, 3604 Letters of Analysis, 1,297 official Probe Certificates, and
- Certified 2,001 samples submitted for grading by producers and 17,877 samples submitted by grain companies.

There were 2,776 grade changes on official re-inspection representing an inspection accuracy rate of 99.03%.

There are major challenges facing the CGC and the GQAS including: increased international emphasis on end-use functionality, growing global competition, shifting domestic crop

production, expanding number of end-uses of grain, and export volume fluctuations. The CGC continued to develop protocols for accrediting or designating third party agencies, with CGC oversight, to perform sampling in order to address inconsistencies with respect to container, rail, and bulk handling shipments to enhance the marketability and handling of Canadian grain. The CGC remains committed to providing a grain quality assurance system that meets the needs of the grain industry today and over the long term.

Delivering inspection and testing services supports departmental Priority #1. Daily delivery of inspection and testing services continued to support not only the ongoing delivery of the CGC mandate, but also positions Canada with a sustainable competitive advantage in global grain markets. The CGC continually strives to adapt CGC services and the grading system to meet the end-use needs of buyers of Canadian grain, and to adjust to the ongoing structural changes within the grain industry (Priority #2).

Addressing Priority #4 is critical in order for the CGC to continue fulfilling its statutory mandate and maintain service levels to producers and the grain industry. CGC inspection services are delivered as per ISO 9001:2000 Standards (Priority #5). This contributes to maintaining the CGC's international reputation for consistent and reliable Canadian grain shipments. During 2007-08, there were 10 inspection related minor non-conformances identified through internal and external audits. Non-conformances occur when Quality Management System procedures or work instructions are not followed. The CGC has reviewed the summary reports that were completed from both the internal and external audits. In order to take the appropriate actions, an Improvement Request(s) form was submitted to the procedure owner and an appropriate corrective action and timeframe were identified and attached to the non-conformance to ensure completion.

During 2007-08, the CGC continued the ongoing monitoring of domestic and export cargoes to ensure Canadian grain is meeting tolerances in terms of domestic and international grain safety tolerances and end-use quality. The CGC certified the quality of 5,267 cargoes and investigated complaints from buyers regarding 15 of those cargoes. Upon thorough investigation of the loading process, including analysis of cargo samples and vessel loading documentation, the CGC's Chief Grain Inspector concluded the complaints were unsubstantiated.

A broad spectrum of producers and grain industry representative meet several times annually, through the Western and Eastern Standards Committees and commodity-specific subcommittees, to study and review grain standards, ensuring relevance and value of those standards in facilitating the movement of grain and transfer of ownership. During 2007-08, 13 new standards and guides were prepared by the CGC, approved by the Western and/or Eastern Standards Committees, and released to the grain industry. The use of all other pre-existing standards and guides continued during the 2007-08 crop year.

During 2007-08, CGC scientists and technical experts continued to play an important market support role by liasing with buyers, marketers, industry and producers and providing technical advice and information on grain quality, grain safety, and end-uses. Customer feedback is used to continuously improve the GQAS. CGC staff went on eight overseas market support missions to investigate, train, or convey the quality of Canadian grain to customers. Additionally, there were 34 international delegations that visited the CGC to learn about the CGC and Canada's

GQAS. Buyers have stated that they are satisfied with the overall quality of Canadian grain and Canada's GQAS.

Additional information on the CGC's grain quality assurance system is available on the CGC's web site at: http://grainscanada.gc.ca/quality-qualite/iaqm-mrsq-eng.htm

Strategic Outcome 2: A grain quantity assurance system that addresses the changing needs of the grain industry

Program Activity: *Deliver weighing services*

Financial Resources ($ thousands):

Planned Spending	Authorities	Actual Spending
$14 969	$16 592	$13 830

Human Resources:

Planned	Authorities	Actual
133	133	126

Performance Summary:

Expected Result: Consistent and reliable quantity assurance of Canadian grain shipments[1]		
Indicator[1]	Target[1]	Results[2]
Number of justified cargo complaints due to a breakdown in CGC assessment of quantity	Zero	There were zero justified cargo complaints due to a breakdown in CGC assessment of quantity during 2007-08

[1] As per the CGC's revised Performance Measurement Framework.
[2] Based on the Cargo Quality Monitoring program and an established CGC complaint resolution process.

The Canadian grain quantity assurance system assures the weight of grain loaded into or discharged from conveyances and in storage in the licensed terminal and transfer elevator system. The CGC delivers weighing services to meet the legislative mandate of the *Canada Grain Act* and the requirements of the grain industry from producers to customers.

During 2007-08, the CGC:

- officially weighed and certified 282,385 railcar unloads upon receipt at licensed terminal and transfer elevators,
- monitored and certified 27,059,734 tonnes of grain prior to export from terminal and transfer elevators,
- officially weighed 3,017 railcars destined for Mexico at primary elevators,
- officially weighed 3,592 railcars destined for the U.S. at primary elevators, and

- conducted 16 official weigh-overs of all stocks in store at licensed terminal and transfer elevators.

The challenges for the grain quantity assurance system include increased requirements for quantity information to manage grain stocks and keeping up-to-date with increasingly sophisticated grain weighing and transfer technology. During 2007-08, the CGC continued to provide ongoing technical support for the Canadian quantity assurance system. For example, to verify the accuracy and reliability of terminal and transfer elevator weighing equipment, CGC Weighing Systems Inspectors conducted 536 weighing system device inspections. In 182 instances (34%), the device under inspection required an adjustment or servicing. Of these 182 inspections, 81 (45%) were found to be operating with measurement errors of 0.10 percent or greater. The CGC's grain receival service and outward weighing programs provided essential quantity data used by the grain industry, railways, Canada Ports Clearance, and the CGC in managing grain inventories and for statistical publications.

This program activity directly supports departmental Priority #1. During 2007-08, the CGC successfully continued the daily delivery of weighing services to meet the legislative mandate of the *Canada Grain Act*. In addition, the CGC continued the ongoing review and development of weighing programs, procedures, and equipment to enhance the Canadian GQAS. This contributes to the success of departmental Priority #2. Addressing Priority #4 is critical in order for the CGC to fulfill its statutory mandate and maintain weighing service levels to the grain industry. CGC weighing services are delivered as per ISO 9001:2000 Standards (Priority #5). This contributes to maintaining the CGC's international reputation for consistent and reliable Canadian grain shipments.

During 2007-08, the CGC logged and investigated 5 weight-related export cargo complaints at the customer's request. Upon thorough review and analysis of the information documented at the time of loading, the CGC's Chief of Weighing concluded that the original statement of quantity for all the shipments was correct.

The CGC's Dispute Resolution System (DRS) assists grain producers and the grain industry in recovering for grain lost during transport by railcar or during the discharge process. During 2007-08, the CGC conducted 749 weight-related investigations on railcars and 956 railcars required their weights officially apportioned due to the mixing of grain from two or more railcars in a common grain reception area as the cars were unloaded. Due to incidents around un-recovered spills, 1,205 cars required their origin weight to be verified and assigned as the official unload weight. The CGC completed 4,217 exception reports for railcars that arrived at unloading facilities with low or empty compartments. Client satisfaction was measured by the instances where disputes with respect to weight were not addressed and feedback provided. While client claim success rates are confidential, clients maintain that the information supplied by the CGC – DRS is a very significant part of their claim and is the most reliable information for processing a successful claim.

Additional information on the CGC's grain quantity assurance system is available on the CGC's web site at: http://grainscanada.gc.ca/quantity-quantite/iaqnm-mrsqn-eng.htm

Strategic Outcome 3: Research and development on grain quality that enhances the marketability of Canadian grain

Program Activity: *Conduct research to understand and measure grain quality*

Financial Resources ($ thousands):

Planned Spending	Authorities	Actual Spending
$7 663	$8 494	$10 511

Human Resources:

Planned	Authorities	Actual
59	59	81

Performance Summary:

Expected Result: Research and development on grain quality and grain safety to support and improve Canada's GQAS[1]		
Indicator[1]	Target[1]	Results[2]
Assessment of grain quality and grain safety research undertaken, sponsored, and/or promoted by the CGC	"Excellent" on a scale of excellent, good, fair or poor	Good – the majority of project milestones/outcomes delivered on time and on budget

[1] As per the CGC's revised Performance Measurement Framework.
[2] Results are based on industry and peer review.

The *Canada Grain Act* requires the CGC to undertake, sponsor and promote research related to grains. The CGC's GRL conducts research directly related to supporting the GQAS that permits the effective marketing of Canadian grain in the interests of producers. The GRL researches new methods for quality, new measurement factors to determine quality, end-use applications of Canadian grain, quality of new breeders' varieties, and carries out the annual Harvest Survey. The GRL, through its research, supports the continual improvement of the GQAS.

There are major challenges confronting the CGC's research activities and the GQAS due to the changing needs of the Canadian grain industry. Research focus has shifted to address these issues in pulses, new types of oilseeds, variety identification, and GM crops. Research related to traditional crops, such as wheat, barley, canola and flax, is still essential, as these crops make up a significant percentage of the domestic and export markets. There is increasing emphasis on end-use functionality, especially new end-uses in the domestic industry. Grain is increasingly being sold based on specifications requiring objective non-visual testing of quality or safety factors and the provision of grain quality and safety assurances. Continually evolving uses of grain requires that the CGC have the ability to anticipate, identify, and measure new grain

specifications in order to meet changing industry needs. Research that supports emerging issues in the GQAS is crucial to all segments of the Canadian grain industry.

This program activity directly supports departmental Priority #1 as undertaking, sponsoring and promoting grain related research upholds the mandate of the CGC and facilitates effective marketing of Canadian grain. In addition, ongoing research of new methods and measurement factors to determine quality, end-use applications of Canadian grain, and quality of new breeders' varieties supports improvement of the Canadian GQAS and departmental Priority #2. Addressing departmental Priority #4 is critical in order for the CGC to fulfill its statutory mandate and continue ongoing research focused on understanding and measuring grain quality. The GRL is in the early stages of assessing the applicability of ISO/IEC 17025 certification to certain methods in its laboratory testing environment and has initiated the process of hiring an ISO coordinator for the GRL (Priority #5).

During 2007-2008, the GRL successfully conducted research and development on grain quality and grain safety to support and improve Canada's GQAS. The GRL completed several research projects within cost and timelines and successfully met the milestones of numerous ongoing research projects. The GRL's performance results were rated as "good" due to cost and timeline variances associated with some projects. These projects have been reassessed and while some have been finalized others are still ongoing. Variances are considered normal within a research environment.

The GRL participates in several external proficiency tests on an annual basis to receive unbiased evaluations with respect to accuracy and precision. For example, the American Association of Cereal Chemists check sample service is used by numerous laboratories around the world to evaluate techniques and ensure quality control. The GRL uses this service and several others to test equipment and to monitor the use of proper methods among laboratory personnel. During 2007-08, the GRL participated in twelve external proficiency test programs. The GRL was non-compliant in one round of studies of the twelve programs. The GRL has taken action on the non-compliance and the necessary corrective actions have been made.

Additional information on the CGC's grain research activities is available on the CGC's web site at: http://grainscanada.gc.ca/research-recherche/iarm-mrsr-eng.htm

Strategic Outcome 4: Producers' rights are supported to ensure fair treatment within the grain handling system

Program Activity: *Protect producers' rights*

Financial Resources ($ thousands):

Planned Spending	Authorities	Actual Spending
$3 086	$3 421	$3 940

Human Resources:

Planned	Authorities	Actual
27	27	33

Performance Summary:

Expected Result: Producer satisfaction with the grain handling system[1]		
Indicator[1]	Target[1]	Results[2]
CGC response to producer complaints	Zero unresolved or unaddressed complaints	Zero unaddressed complaints

[1] As per the CGC's revised Performance Measurement Framework.
[2] Results are based on CGC tracking mechanisms.

The CGC is mandated to serve producer interests by upholding the *Canada Grain Act* and as such has implemented a number of programs and safeguards to ensure the fair treatment of Canadian grain producers. This program activity consists of three programs: the licensing and security program, allocation of producer cars for producers and producer groups that wish to ship their own grain, and producer support programs including a grain grade appeal system. In addition, the CGC collects and updates grain quality data and grain handling information to facilitate producer sales and marketing decisions.

This program activity directly supports departmental Priorities #1 (ongoing delivery of the CGC mandate) and #3 (regulatory compliance), as the CGC is mandated to ensure the fair treatment of producers within the grain handling system. Addressing Priority #4 (sustainable CGC funding mechanism) is necessary to maintain producer satisfaction with the delivery of various procedures and systems related to their protection.

The CGC continually strives to improve on the programs and activities that directly contribute to the CGC's mandate of facilitating fair treatment of producers within the licensed grain handling system. The CGC was successful in meeting the target of this program activity/strategic outcome. During the 2007-2008 there were zero unaddressed complaints with respect to the producer protection programs administered by the CGC. While the majority of complaints were resolved, there are some ongoing investigations.

The proposed amendments to the *Canada Grain Act* (Bill C-39) include clarification of the CGC mandate by identifying that the CGC shall specifically act in the interests of producers with respect to: deliveries to elevators and grain dealers, access to binding CGC determination of grade and dockage, and allocation of producer railway cars. Repealing the CGC producer payment security program is also a proposed amendment and will benefit producers by reducing barriers for new entrants into the grain handling system and removing system costs. The proposed amendments also include, extending "subject to inspector's grade and dockage" provisions to include producer deliveries to grain dealers and process elevators. During the reporting period, the CGC worked closely with officials from Agriculture and Agri-Food and other departments and agencies, to advise the Minister with respect to Bill C-39 ammendments.

The challenges associated with protecting producers' rights are the time it takes to gather all the facts from parties and then to review and make decisions. In terms of producer cars, the challenge is to get enough cars to meet demand, and in a timely fashion. Strategies that are being implemented to improve future results include a risk assessment process that will assign a financial risk rating and an overall risk rating (high, medium, low) for all licensees. Staffing is underway for a Head, Audits and a financial statement reviewer to free up audit times for our Compliance Auditors. In addition, the CGC is in the process of preparing a communications plan related to licensing and security.

The following provides further detail on the three main programs associated with this program activity and how the CGC was successful in providing producer protection during 2007-08:

Licensing and Security Program

- During the reporting period the CGC issued licences for 337 primary elevators, 43 process elevators, 15 terminal elevators, 13 transfer elevators, and 106 grain dealers as of March 31, 2008. There are currently 35 known unlicensed companies that require licensing under the *Canada Grain Act*. Of these, all have initiated the licensing process. During 2007-08, 23 licensees were audited by the CGC and Audit Services Canada to ensure appropriate security coverage and one licensee was visited to review operations. The CGC cancelled one licence in February, 2008 as a result of the company advising the CGC that they were in 'voluntary receivership'. The CGC has initiated the process of realizing on security and finalizing claims and compensation. CGC staff responded to all known instances of licensing non-compliance and all producer concerns regarding fair payment.

Producer Car Allocation Program

- The CGC has sole responsibility for the allocation of producer cars for both Canadian Wheat Board (CWB) and non-CWB grains. During 2007-08, the CGC worked closely and cooperatively with the CWB, grain companies, and the railways in an effort to ensure that producer car orders are filled in a timely manner. The CGC received and processed approximately 11,300 applications from producers for producer cars and responded to all complaints with respect to administration of the allocation of producer cars. Overall, there has been a significant increase in demand for producer cars over the past ten years.

Producer Support Programs

- Producer support is comprised of many programs and activities including mediating and/or arbitrating producer complaints concerning transactions with licensed grain companies, re-inspection of samples on producer request, investigation of quality and dockage complaints, and collecting and updating grain quality data and grain handling information and making it available to producers and other interested parties to facilitate producer sales and marketing decisions. These programs are aimed at ensuring producers are properly compensated for the quality and quantity of grain delivered within the licensed grain handling system. During 2007-08, the CGC responded to all producer complaints related to compensation received for the quality and/or quantity of grain delivered within the licensed grain handling system.

Additional information on the programs and activities that contribute to this strategic outcome and program activity is available on the CGC website at: http://grainscanada.gc.ca/protection-protection/iappm-mrspp.eng.htm

SECTION III – SUPPLEMENTARY INFORMATION

Departmental Link to Government of Canada Outcome Areas

Canada's Performance 2006-07 is the seventh annual report to Parliament on the federal government's contribution to Canada's performance as a nation. *Canada's Performance 2006-07* is structured around four main policy areas: economic affairs, social affairs, international affairs, and government affairs. All four of the CGC's strategic outcomes and program activities align with the key federal policy area of 'economic affairs'. Within these policy areas are thirteen broad Government of Canada outcomes that form the framework used for the whole of government reporting. Three of the CGC's strategic outcomes/program activities align with and directly contribute to the pursuit of the Government of Canada outcome area *An Innovative and Knowledge-based Economy*. These programs contribute to the Government of Canada's objective in this area of a diverse and technologically advanced economy with workers equipped with a wide range of skills, prepared to succeed in established and emerging industries in every region of the country. The fourth CGC strategic outcome/program activity aligns with and contributes to the pursuit of the Government of Canada outcome area of *A Fair and Secure Marketplace*. This program contributes to the Government of Canada's objective in this outcome area of a secure, fair marketplace that maintains and enhances consumer confidence and gives businesses an optimal environment for competitiveness.

CGC Strategic Outcome	CGC Program Activity	Actual Spending 2007-08			Alignment to Government of Canada Outcome Area
		Budgetary	Non-budgetary	Total	
1. A grain quality assurance system that addresses the changing requirements of domestic and international grain markets	Deliver inspection and testing services	$16 486	$0	$16 486	An innovative and knowledge-based economy
2. A grain quantity assurance system that addresses the changing needs of the grain industry	Deliver weighing services	$1 549	$0	$1 549	An innovative and knowledge-based economy
3. Research and development on grain quality that enhances the marketability of Canadian grain	Conduct research to understand and measure grain quality	$10 511	$0	$10 511	An innovative and knowledge-based economy
4. Producers' rights are supported to ensure fair treatment within the grain handling system	Protect producers' rights	$3 414	$0	$3 414	A fair and secure marketplace

Amounts reported in this table are Total Expenditures less Respendable Revenues as reported on Public Accounts.

Table 1: Comparison of Planned to Actual Spending (including FTEs)

(S thousands)	2005-06 Actual	2006-07 Actual	2007–2008			
			Main Estimates	Planned Spending	Total Authorities	Actual
Deliver inspection and testing services[1]	42 535	41 566	50 279	50 279	55 729	46 257
Deliver weighing services[1]	12 637	12 316	14 969	14 969	16 592	13 830
Conduct research to understand and measure grain quality	10 077	9 582	7 663	7 663	8 494	10 511
Protect producers' rights[1]	4 895	3 740	3 086	3 086	3 421	3 940
Total	**70 144**	**67 204**	**75 997**	**75 997**	**84 236**	**74 538**[2]
Less: Non-respendable revenue						
Plus: Cost of services received without charge	803	352	1 678	1 678	1 678	409
Total Department Spending	**70 947**	**67 556**	**77 675**	**77 675**	**85 914**	**74 947**

Full-time Equivalents	**635**	**631**	**664**	**664**	**664**	**648**

[1] Includes CGC Revolving Fund activities.

This table represents the total Revolving Fund and Appropriation for main estimates, planned spending, total authorities, and actual spending.

The difference of $8 239 K between planned spending and total authorities is $7 300 K approved in the 2007 Budget, $154 K supported for Internal Audit, $60 K 2006-07 Operational Budget Carry Forward, $485 K from Treasury Board for severance pay, and $240 K for collective agreements.

The difference between total actuals and total authorities reflects the CGC's revolving fund surplus of approximately $9.6 M.

The difference between total actuals and planned spending for cost of services received without charge is a result of an overstatement of planned spending in the 2007-2008 RPP, which should have been $396 K.

[2] Total expenditures as per CGC financial statements audited by PricecoopersWaterhouse.

Table 2: Voted and Statutory Items

Vote or Statutory Item ($ thousands)	Truncated Vote or Statutory Wording	2007–2008			
		Main Estimates	Planned Spending	Total Authorities	Actual
40	Operating expenditures	30 940	30 940	30 940	30 940
40a	Program expenditures	-	-	8 239	7 600
(S)	CGC Revolving Fund	(127)	(127)	(127)	(127)
(S)	Contributions to Employee Benefit Plans	3 919	3 919	3 919	3 919
	Total	**34 732**	**34 732**	**42 971**	**42 332**

The summary of voted Appropriations represents the amount of funding received by the CGC through the approved votes. It compares main estimates, planned spending, and total authorities to what the CGC actually spent.

The difference of $8 239 K between planned spending and total authorities is $7 300 K approved in the 2007 Budget, $154 K supported for Internal Audit, $60 K 2006 2007 Operational Budget Carry Forward, $485 K which reflects allocations from Treasury Board for severance pay, and $240 K for collective agreements.

Actual appropriation differs from the revolving fund financial statements by $639 K. The CGC received a recovery of severance pay from the Treasury Board and recorded it as a reduction of expenses versus recording it as appropriation revenue. The CGC lapsed funding received in support of Internal Audit due to a delay in hiring.

Table 3: Sources of Respendable Revenue

For supplementary information on the CGC's sources of respendable revenue, please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 4: Revolving Funds

For supplementary information on the CGC's revolving fund, please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 5: User Fees/External Fees

For supplementary information on the CGC's User Fees, please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

For supplementary information on the CGC's Service Standards for External Fees, please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 6: Response to Parliamentary Committees and External Audits

For supplementary information on the CGC's response to Parliamentary Committees and External Audits, please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 7: Internal Audits and Evaluations

For supplementary information on the CGC's Internal Audits and Evaluations, please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 8: Travel Policies

For supplementary information on the CGC's travel policies, please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 9: CGC Financial Statements

Fiscal year 2007-08 CGC audited financial statements can be accessed using the following link: http://grainscanada.gc.ca/Pubs/corporate/finance/financgc08-eng.pdf

Financial Statements are prepared in accordance with generally accepted accounting principles. The unaudited supplementary information presented in the financial tables in the DPR is prepared on a modified cash basis of accounting in order to be consistent with appropriation-based reporting.

SECTION IV – OTHER ITEMS OF INTEREST

CGC Corporate Infrastructure

CGC corporate infrastructure includes support functions such as management of human resources, information technology, statistical services, communications, finance, policy and planning, administration services, health and safety, and corporate development. These functions enable the CGC to deliver the activities necessary to achieve its strategic outcomes and result in improved performance, increased employee productivity and effective communication with industry and producers. Success in these areas was measured by evaluating the effectiveness of specific activities and measurement tools for specific programs such as competent staff, number of accidents, meeting legislative requirements, and efficiency gains due to well-developed information technology.

Management of Human Resources

A skilled and motivated workforce is critical to the CGC in delivering its services to Canadians. During 2007-2008, the CGC launched a formal integrated people and business planning process for the first time. In preparation for 2008-2009, an audit of this process was conducted to identify opportunities for improvement and these recommendations were built into our plans. This year also saw the second year of implementation of the CGC Informal Conflict Management System which has resulted in significant skill-building at both the employee and manager level as well as earlier identification and resolution of issues. In September 2007, the CGC launched a Performance Development and Achievement Program (PDAP). This multi-faceted program involves managers, supervisors, and employees participating together to ensure that the work we do, and how we do it, supports the CGC in successfully achieving its strategic business and people outcomes. Effective performance development and achievement is integral to the CGC and is an important initiative within the CGC People Management Framework. It connects to other CGC initiatives including competencies, performance measures and people planning.

The successful management of human resources during 2007-08 positively contributed to individual performance and enhanced the CGC's working environment thereby contributing to all of the CGC's strategic outcomes and program activities.

Government-Wide Initiatives

Although the CGC is a small statutory agency with limited resources, it prides itself on the ability to implement government-wide initiatives. Sound agency management denotes not only cost efficiency, but signifies the CGC's commitment to government-wide initiatives such as the Management Accountability Framework, providing services in both official languages, the Government On Line (GOL) initiative, Paper Burden Reduction Initiative, and effective partnering with other government organizations to provide effective, efficient service to Canadians. Success in this area is measured by tracking specific activities undertaken to achieve the goals of various government-wide initiatives and measuring program, unit, and individual performance against performance targets.

Collaborative Work and Partnering with Other Government Organizations

The CGC continued its collaborative work with Agriculture Portfolio partners through membership on committees dealing with: low level presence (AP) of GM events in grain shipments and required detection technologies, implementation of regulations by importing countries in accordance with the international Biosafety Protocol and Plants for Molecular Farming. CGC also participated in bilateral meetings with government officials from China and India and in meetings of the North American Biotechnology Initiative. These meetings were aimed at understanding grain industry segregation capabilities in each country and working towards the coordination of regulatory systems for the products of biotechnology, all with the goal of preventing future trade disruptions.

The CGC continued to provide ongoing phytosanitary inspection of grain elevators on behalf of the Canadian Food Inspection Agency (CFIA) to eliminate the duplication of services. Under the terms of a Memorandum of Understanding with the CFIA, the CGC conducted a total of 217 elevator inspections across Canada, inspected 17 vessels in the Port of Churchill, and provided information on 1877 submitted samples that allowed for phytosanitary certificates to be issued by CFIA. In addition, the CGC provided 537 samples of weed seeds to the CFIA as part of a joint project to update their weed seed database.

The CGC also continued to provide ongoing services on behalf of the U.S. Federal Grain Inspection Service in eastern Canada as per the Memorandum of Understanding to facilitate the movement of grain.

Management Accountability Framework

In 2007-2008, the CGC continued to pursue the goals of the ten elements of the Management Accountability Framework (MAF). At the end of the MAF Round V Audit, in March 2008, the CGC identified three priority areas for focused effort. These are Internal Audit, Risk Management and Reporting to Parliament. Presently, the Chief Operating Officer is in discussion with Treasury Board concerning the establishment of an Executive Chief of Audit and Evaluation, and the position is being classified. A review and update of the CGC's Risk Management Profile is slated for the fall of 2008, and efforts to increase incremental project reporting continue. Changes to the manner in which the CGC reports to Parliament through the RPP and DPR are presently being implemented.